

SECRET

DDI # 1016-77

15 MAR 1977

77-653971

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Soviet SLBM Launch Techniques

REFERENCE : Letter to DCI from [ ] dated 25 February 1977

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1. We have reviewed the referenced letter, sent to you by [ ]. In this letter, [ ] states that he has proven unequivocally that the Soviet Union has been launching their fleet ballistic missiles by floating them to the surface. The missiles would remain suspended in a vertical position, with firing taking place at a time independent of the time at which the missile was released by the submarine. While [ ] concedes that to date only Soviet SSBNs have been identified as releasing the missiles, he extrapolates to the possibility that perfection of the "free-float" technique would permit the deployment of ballistic missiles from a variety of stationary and moving platforms. Based on our review, we believe that at present there is no evidence to support [ ] thesis.

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2. Over the past several years, [ ] has met with members of the Intelligence Community in an attempt to convince them of his theory. Upon his retirement and in an attempt to resolve this question, the Naval Intelligence Support Center (NISC) provided him with clearances, personnel, and documentation relevant to the problem.

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3. [ ] came away from this exercise still convinced that his theory was correct. However, the NISC personnel that worked with him on this project remained convinced that, in fact, the data proved just the opposite; i.e., that with slight differences the Soviet launch technique was essentially similar to that used by the US in which the missile is ejected and ignited in short sequence.

WARNING NOTICE  
SENSITIVE INTELLIGENCE SOURCES  
AND METHODS INVOLVED

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SUBJECT: Soviet SLBM Launch Techniques

X1 4. We have reviewed both [ ] work conducted at NISC and the detailed critique of this work by NISC personnel. NISC has offered to supply us with copies of these reports. We have not reviewed the original data on which these reports are based. However, we believe the NISC analysis to be valid and objective. [ ] on the other hand, appears to have been selective in his data, and in some cases, "force fit" it to his needs. 25X

X1 5. In summary, we believe that there is no valid foundation for [ ] hypothesis. We appreciate the threat posed by the possibility of the free-floating launch technique posed by [ ]. As shown in the reference, the means available for deploying free-floating missiles would make verification of the number of SLBM launchers a veritably impossible task. This in turn would make difficult, if not impossible, the verification of any SALT agreement limiting SLBM deployment. Therefore, we will continue to review all available data to insure that should the Soviets ever employ free-launch techniques, we will be able to identify this activity.

[ ] 25X  
R.E. HINEMAN  
Director  
Weapons Intelligence

SECRET

SUBJECT: Soviet SLEM Launch Techniques

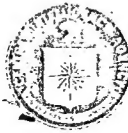
Distribution:

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X1 OWI/NSD/TS  15 March 1977)

SECRET

The Director  
Central Intelligence Agency

Washington, D.C. 20505

Executive Registry

77-6539/B

*filed  
01/03/1977  
alpha*

23 MAR 1977

[Redacted]

Dear [Redacted]

I have asked my weapons analysts to address the question raised in your letter of 25 February 1977, concerning Soviet SLBM launch techniques. Their conclusion is that at present there are no data to support the theory that Soviet SLBMs are launched by any method other than by ejection, followed immediately by ignition of the booster engine.

However, we at CIA share your concern that the launch technique you have posed would represent a serious threat to any attempt to verify compliance with a SALT agreement. Be assured, therefore, that we will continue to concentrate our intelligence resources to identify any Soviet attempts to negate our capability to verify strategic arms limits.

Yours sincerely,

/s/ Stansfield Turner

STANSFIELD TURNER  
Admiral, U.S. Navy

CONCUR:

Deputy Director for Intelligence

18 MAR 1977

Date

OWI/NSD/TSSB [Redacted] 5 Mar 77)

Orig - Addressee 1 - D/OWI/Chrono  
1 - DCI 1 - C/NSD/OWI  
1 - DDCI 2 - TSSB/NSD/OWI  
1 - ER  
1 - DDI

EXECUTIVE REGISTRY FILE

*01/03/1977  
alpha*

MEMORANDUM FOR: *DDI*

Sayre,

Included are a memorandum concerning the background of previous investigations of [redacted] theory and a suggested reply for the DCI to send to [redacted]. If additional information is desired, OWI personnel can provide it.

[redacted]  
R. E. HINEMAN  
Director  
Weapons Intelligence  
15 March 1977

Date

FORM 101 USE PREVIOUS EDITIONS  
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# Press Release

WOR-TV / 1440 BROADWAY / NEW YORK, NY 10018 / (212) 764-6681

FOR IMMEDIATE RELEASE  
CONTACT: PAT ARGUE

March 10, 1977

VALLEY FORGE HONOR CERTIFICATE FROM THE FREEDOMS FOUNDATION  
PRESENTED TO WOR-TV FOR EDITORIAL ON INTELLIGENCE

The editorial, "Effective Intelligence," which was presented in 1976 during the week of Feb. 12th through 18th on WOR-TV, the RKO General Television independent has been presented a Valley Forge Honor Certificate from the Freedoms Foundation. It was the only broadcast editorial to be honored this year.

The goal of the Freedoms Foundation at Valley Forge is to make Americans proud of America and to develop responsible citizens. The purpose of the Awards Program is to alert the general public to search for worthy efforts which strengthen an understanding of freedom and the fundamentals of a free society.

The editorial was presented by WOR-TV vice president and general manager Robert J. Williamson, and was prepared by Herbert W. Stupp, WOR-TV's editorial writer. The complete text of the editorial is attached.

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EFFECTIVE INTELLIGENCE

Our intelligence gathering agencies have come under much scrutiny, and to an extent, it has been a good thing. But the drive to open the FBI and the CIA to public view has gone so far as to become a danger itself.

Blowing the cover of our foreign agents, for example, could result in more tragedies like the murder of Agent Richard Welch. Likewise, attacks on the FBI because of individual improprieties ignore the bureau's basic integrity.

It is a neglected truism that we only hear about these agencies' failures, but rarely learn of their accomplishments.

Perhaps we have lulled ourselves into believing the CIA belongs to the cold war. Unfortunately, the real world still has nuclear weapons, ambitious dictators, wars, and espionage. The Soviet K.G.B. is probably more active in our country than it ever has been. The need for the FBI is obvious as well.

Since 1971, terrorists have been linked to at least 43 murders of policemen and bombings are increasing in numbers and brutality.

A Louis Harris survey found that despite awareness of agency mistakes, the American people, by a 78-to-12 margin, agree that it "is very important that (we) have the best foreign intelligence agency in the world."

The CIA and FBI might still occasionally pursue their duties further than they should. But there can be no doubt that our security and liberties are related to their continued and proper effectiveness.

Under these conditions, both agencies deserve our active support.



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Executive Registry

77-3955/A

The Director of Central Intelligence

Washington, D. C. 20505

30 MAR 1977

Dear Herb,

THANKS!

Yours,



STANSFIELD TURNER  
Admiral, U.S. Navy

Mr. Herbert M. Austin  
US Department of Commerce  
Oceanic & Atmospheric  
Administration  
National Marine Fisheries Service  
Washington, D. C. 20235

P.S. Best to all your family -

EXECUTIVE REGISTRY FILE

0/DCI/alpha



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Oceanic and Atmospheric Administration**  
National Marine Fisheries Service  
Washington, D.C. 20235

Executive Registry

F52/HMA

77-3955

25 March 1977

Adm. Stansfield Turner  
Director  
Central Intelligence Agency  
Mc Lean, Virginia 22101

Dear Adm. Turner:

CONGRATULATIONS!

Sincerely,

*Herb Austin*

Herbert M. Austin  
Punahou, 1961



AMERICA'S  
FIRST INDUSTRY



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# reprinted from THE WALL STREET JOURNAL

Issue of March 14, 1977

## Annual Overhaul

### Zero-Base Budgeting, Advocated by Carter, Used by Many Firms

### Recession Sped Its Adoption, But It All Began in 1962 At Texas Instruments Inc.

### A Boost From Arthur Burns

By LINDLE H. CLARK JR.

Staff Reporter of THE WALL STREET JOURNAL

In late January an unusual title showed up on The Washington Post's list of nonfiction best-sellers in the nation's capital: "Zero-Base Budgeting: A Practical Management Tool for Evaluating Expenses."

Not only is the book four years old, but it sells for \$19.25 and is anything but light summer reading. Its author is Peter A. Pyhrr, the 34-year-old financial vice president of Alpha Wire Corp., a little-known firm in Elizabeth, N.J. Despite such seeming drawbacks, the 231-page book now is selling at a rate of more than 700 copies a week, and the publisher, John Wiley & Sons, is thinking about a 10th printing.

Zero-base budgeting and Mr. Pyhrr's book on the topic have had help from a dedicated promotion manager: Jimmy Carter. President Carter installed the system in Georgia during his term as governor, and he vows that he now is going to bring it to the federal establishment.

The book's sales in Washington reflect the fact that a lot of federal managers want to know what they are in for. Its sales elsewhere indicate that many corporate executives figure that what Mr. Carter says was good for Georgia just possibly might be good for them.

#### "Common Sense"

What is zero-base budgeting? "It's very simple; nothing more than common sense," says Robert C. Pearson, vice president and controller of Texas Instruments Inc., the big Dallas-based electronics firm where the system began evolving about 15 years ago.

Stripped to its essentials, zero-base budgeting requires the managers of an enterprise to justify everything they are doing or are about to do. Instead of just setting forth proposed budget increases, the managers must start from scratch each year and present alternatives involving any increases or decreases in their departments' activities.

"I wipe myself out every year," says Richard M. Perdue, director of corporate public relations for Texas Instruments. "And then I start asking myself, 'Who's going to answer the phone if a customer calls?'"

The number of major companies using zero budgeting "probably runs into the hundreds," says James Kelley, president of Management Analysis Center, a Cambridge, Mass., consulting firm that has helped more than 40 companies install the system. Mr. Pyhrr, the author of the book, is a part-time associate of the firm.

#### Some Major Users

Major companies that have used zero-base budgeting include Westinghouse Electric Corp., Xerox Corp. and Allied Van Lines. Corporate interest in the system has grown so fast that the American Management Association, a business-education organization based in New York, has run nine zero-base seminars in the past year and a half. Another is scheduled for Chicago this week, and others are planned at a rate of about one a month.

The association also will soon publish a new book, "Zero-base Budgeting Comes of Age." The author is Logan Cheek, manager of multinational programs for Xerox. Mr. Cheek says he gets frequent calls from business and government groups that want to arrange meetings on the budgeting technique.

Even before Mr. Carter starts introducing zero budgeting in the executive agencies, the Federal Reserve System has been running pilot studies of the program at the Chicago Federal Reserve Bank and at the Federal Reserve Board in Washington.

As far as can be determined, in fact, the first person to use the phrase "zero-base budgeting" publicly was Arthur Burns, the chairman of the Federal Reserve Board. In 1969, when he was counselor to the President, he told a meeting of the Tax Foundation that a "reform of vital significance (to the control of government expenditures) would be the adoption of zero-base budgeting."

#### Burns's Evaluation

"Customarily," he went on, "the officials in charge of an established program have to justify only the increase they seek from last year's appropriation. In other words, what they are already spending is usually accepted as necessary, without examination. Substantial savings could undoubtedly be realized if both the Budget Bureau examiners and the congressional appropriations committees required every agency to make a case for its entire appropriation request every year."

The evolution of zero-base budgeting at Texas Instruments began in 1962, with the development of the company's objectives-strategies-tactics (OST) system for evaluating research and development projects. To decide whether to go ahead with a specific project, the company found it necessary to spell out a description of the activity, the consequences of failing to go ahead with it, alternative courses of action, and the estimated costs and benefits. All of this eventually went into a "decision package."

Once the decision packages were developed, the next need was obvious: to develop criteria for ranking the packages and thus deciding which research and development

programs to go ahead with, and on what scale.

In the late 1960s Texas Instruments officials decided they wanted to extend the budgeting concept beyond research and development—to the day-to-day operating expenses of the company. All of the company's activities, after all, were competing for shares of the firm's available resources.

Peter Pyhrr, then a young financial analyst, was involved in the extension of the concept throughout Texas Instruments. Across the company, says Mr. Pearson, there now are "thousands" of decision packages.

The spread of zero-base budgeting to other companies and to governments probably began in 1970, when Mr. Pyhrr wrote a Harvard Business Review article describing the system. Jimmy Carter, then the newly elected governor of Georgia, read the article and got in touch with the author. Subsequently, Mr. Pyhrr left Texas Instruments and worked as a consultant to Mr. Carter in installing zero budgeting in Georgia.

Gerry Galbo, a John Wiley editor, also read the article, and he invited Mr. Pyhrr to write a book. Jack E. Schang read the article, and when he went to Allied Van Lines as president in 1975 he put in zero-base budgeting.

"In my view the program is functioning very effectively here," says Robert Seeler, financial vice president of Allied. "We ran into no real resistance from the managers who had to develop the decision packages. Because the program was introduced by a new President, it had complete support."

#### Resistance at Westinghouse

There has been some resistance elsewhere, at least initially. Westinghouse Electric Corp. tried a pilot project involving about 400 people out of 2,500 in the areas of personnel, purchasing, traffic and real estate. "Some pretty good teamwork came out of it after the managers got over the feeling that they were being threatened," says Charles Carroll, director of public information. No final decision has yet been made as to whether to extend the program.

Supporters of zero-base budgeting stress that it must be carefully tailored to each company's needs. Xerox so far has used it only on a selective basis to appraise operations. For instance, Mr. Cheek used it in 1971 to assess the company's personnel department. In 1975 the company used a system much like zero-base, although it wasn't called that, to appraise its world-wide operations.

Peter Pyhrr says the system is of use only to large organizations; his own Alpha Wire doesn't use it. "The formality of the process is required in a large company where you don't have the easy communications you get when principal managers can sit down together and make the decisions," he says.

A major objection to zero-base has been that it takes more time than the normal budget-making process. However, Mr. Pyhrr says "you have to compare zero-base time not only with normal budget-making but with all of the revisions through the year

—and with all of the management time spent on making decisions."

The first year is always the hardest. Managers have to be persuaded to appraise their activities objectively and to draw up all the decision packages. In later years, many of the packages need only minor modifications or updating, proponents say.

#### Nonproduction Applications

Mr. Kelley of the Management Analysis Center says zero-base budgeting has been most useful for nonproduction expenses, and the experience of Texas Instruments confirms that appraisal.

"We're in a highly competitive business, under constant pressure to reduce costs," says Mr. Pearson. "This may force us to make many changes in manufacturing operations during the course of a year." Such changes, of course, would rapidly outdate decision packages approved at the start of the year.

So Texas Instruments remains committed to zero-base budgeting, but on a simplified or streamlined basis. "Our whole system of management is geared to planning on a continual basis," Mr. Pearson says. "Our quarterly rolling plan covers one to three years out into the future. It's pulled together in the fall and formalized in January.

"In the process of putting together that plan we use zero-base. But we don't attempt to repeat the zero-base analysis every quarter. There have been periods of rapid business change, such as mid-1974 when the recession deepened, when we've had occasion to refer back to the decision packages. The packages are one of our points of reference."

Mr. Pearson thinks the program has been well worth the effort. "The process helps our managers to understand that what some other people are doing is important," he says. "It makes managers better understand their own functions—and also the consequences of not doing something."

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